

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH05043033

October 11, 2005

**PROPOSED PLAN OF OPERATIONS TEXT SECTIONS 14, 16, 20, 23, 37, 40, 41, 43, 47,
and 54, RULES AND RATES MANUAL TEXT RULES 21, 26, 57, 94, 133, and 141
and NAME AND/OR OWNERSHIP CHANGE FORM and SAMPLE SERVICE
CARRIER BUSINESS PLAN**

CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN

(a) Sec. 14. GENERAL PROVISIONS

*A new **third** paragraph is introduced in A, reading as follows:*

A. Reporting of Statistical Data

All of the data necessary to comply with the distribution procedures shall be reported to AIPSO by each insurer subscribing to this Plan or by the statistical agencies designated by the insurer. Each insurer agrees to permit its statistical agent to release this data to AIPSO and agrees that its statistical agent shall be permitted to furnish AIPSO with statements of its Automobile Insurance Plan, and Voluntary Private Passenger Nonfleet and Other Than Private Passenger net direct automobile data in accordance with the annual AIPSO Statistical Program.

It is the responsibility of each insurer to ensure that the above statistical reporting requirements are met if they furnish the data directly or if they utilize a designated statistical agency. Any insurer or statistical agent that does not materially comply with the above requirements shall be referred to the Advisory Committee for remedial action and, if deemed necessary, the Department of Insurance.

If an insurer fails to report its data in accordance with the annual AIPSO statistical program requirements, or if in the reasonable judgement of the statistical agent and AIPSO, the data the insurer reports is inaccurate, the statistical agent designated by the insurer shall estimate the data. In such instances, the statistical agent is authorized to estimate the data and release it to AIPSO. It is the responsibility of the insurer to provide the statistical agent with corrected or appropriate data. Upon receipt of the corrected or appropriate data from the insurer, the statistical agent will resubmit the data to AIPSO in accordance with Plan rules. Any insurer whose data has been estimated and who does not materially comply with data correction procedures contained herein shall be referred to the Advisory Committee for remedial action and, if deemed necessary, the Department of Insurance.

Every insurer shall keep records of its experience, including the information required by California law, in such a manner as to enable it to report as required by the Commissioner

and/or Manager. Each insurer shall make any reports as required by the Commissioner and/or Manager.

Sec. 16. RIGHT OF APPEAL

New paragraph I is introduced, reading as follows: (Current paragraph I is redesignated as paragraph J.)

- I. When an appeal is pending, an appellant must continue to remit all undisputed premium on schedule to the assigned insurer if such premium is due, unless otherwise ordered by the Commissioner.

Sec. 20. PERFORMANCE STANDARDS FOR PRODUCERS WRITING CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN RISKS

Paragraph C is amended as follows:

C. Policy Change Request

If the producer receives a policy change request, along with the appropriate deposit, from the insured, the producer shall notify the insurer or servicing carrier, in writing, of the policy change request within three working days of receipt of the request from the insured. Requests for changes shall be accurate, legible, and accompanied by an appropriate deposit, where applicable, in accordance with Plan rules. Policy change requests shall be accompanied by an appropriate deposit equal to 25% of the estimated annual premium, or the full pro rata premium for the remainder of the policy period, whichever is less.

The following applies to CAIP risk only:

~~A policy change request not accompanied by the above deposit or submitted with an inadequate deposit shall not be processed by the servicing carrier and no coverage shall be in effect, except as otherwise provided in the policy contract. Policy change requests submitted by facsimile shall not become effective until the servicing carrier receives the additional premium required for changes resulting in additional premium. Failure to submit a deposit shall warrant immediate referral to the Peer Review Subcommittee.~~

Sec. 23. APPLICATION REQUIREMENTS

Paragraph A.6 is amended as follows:

A. Applicant Information

The applicant shall provide underwriting and other information required on the application. The application shall request the following information:

6. Vehicle year, make, model, ~~odometer reading, and~~ vehicle identification number, ~~and~~ license plate number

Sec. 37. PERFORMANCE STANDARDS FOR INSURERS WRITING CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN PRIVATE PASSENGER NONFLEET RISKS

Paragraph A.2 is amended as follows:

A. Insurer Performance Standards

2. Renewal Policies, or Certificates, or Financial Responsibility Filings

For the purposes of Section 37, the postmark which is to be recognized by the Plan shall be the postmark of the United States Postal Service. A meter stamp shall not be considered a postmark of the United States Postal Service for the purpose of effecting coverage.

- a. The insurer may request current policy rating information from the insured by means of a renewal questionnaire which shall be mailed to the insured at least 75 days prior to the expiration date of the current Plan policy. If the insured fails to return the

questionnaire, the insurer shall issue a second request at least 60 days prior to the expiration date of the current policy. If the insured fails to respond prior to 45 days before expiration of the current policy, the insurer shall be deemed to have fulfilled its responsibility to quote a renewal premium and shall so advise the producer.

- b. At least 30 days but ~~not~~ no earlier than 60 days prior to the inception date of renewals, the assigned insurer shall notify the insured that
- (1) a renewal shall be issued provided the premium ~~set stipulated~~ by the insurer is received postmarked at least one day prior to the inception date of such renewal as evidenced by the postmark of the United States Postal Service on the transmittal envelope. ~~If the insured requires a financial responsibility filing, the premium should be postmarked at least one day prior to the inception date;~~ or
 - (2) if the renewal is to be written on the installment premium payment option, such renewal shall be written provided the deposit premium (25% of the total annual premium, subject to a minimum of \$250, whichever is greater) stipulated by the insurer is postmarked at least one day prior to the inception of such renewal as evidenced by the postmark of the United States Postal Service on the transmittal envelope. ~~If the insured requires a financial responsibility filing, the deposit premium should be postmarked at least one day prior to the inception date of the renewal;~~ or
 - (3) the Plan policy shall be nonrenewed because the insured is not entitled to insurance under the Plan.

Renewal premium quotations shall be made in accordance with present Plan rules. A copy of the notice shall be provided to the producer.

~~For insureds not requiring financial responsibility filings, renewal~~ Renewal premium payments postmarked one day prior to the inception date of the renewal shall be considered to be on time, as evidenced by the postmark of the United States Postal Service on the transmittal envelope. ~~For insureds requiring financial responsibility filings, renewal premium payments postmarked one day prior to the expiration date shall be considered to be on time, as evidenced by the postmark of the United States Postal Service on the transmittal envelope.~~

Payment to the producer does not constitute payment to the insurer unless and until such payment is actually received by the insurer.

- c. The insurer shall mail renewal policies and/or certificates within 30 days of receipt of the appropriate renewal premium deposit specified in Section 37.A.2.b above.

Sec. 40. ELIGIBILITY

New paragraph A.3.d is introduced, reading as follows: (Current A.3.d is redesignated as A.3.e.)

A. New Applications

3. Applicants Not Eligible for Plan

An applicant shall not be entitled to bodily injury, property damage, medical payments, and uninsured motorist coverage nor shall any servicing carrier be required to afford or continue insurance under the following circumstances:

- d. if the applicant is a risk purchasing group under California Code Section 130(i)(1) that obtains commercial automobile liability insurance on a group basis;

Sec. 41. APPLICATION REQUIREMENTS

Paragraphs A.14.a and k are amended as follows:

A. Applicant Information

The applicant shall provide underwriting and character information required on the application. The application shall request the following information:

14. A vehicle schedule which would include the following:
 - a. ~~Year~~ Vehicle year, make, model, ~~odometer reading, and~~ vehicle information identification number, ~~and license plate number~~
 - k. ~~If uninsured motorist property damage coverage is purchased, information regarding whether there is existing damages to vehicle~~

Sec. 43. EXTENT OF COVERAGE

Paragraph A.2.c is amended as follows:

A. Coverages and Limits

Bodily Injury, Property Damage, Medical Payments, and Uninsured Motorist Coverage

2. An insured assigned under the Plan may, at his or her option, also purchase coverage to be written in the same policy as the liability coverages for the following:
 - c. Uninsured motorist protection required by California law at limits of \$15,000 per person and \$30,000 per occurrence for bodily injury ~~and \$3,500 property damage~~ shall be provided for vehicles principally used or principally garaged in this state. However, that protection may be waived if the only coverage with respect to the use of any motor vehicle is limited to the contingent liability arising out of the use of nonowned motor vehicles, or if the servicing carrier and any named insured have agreed in writing to delete this protection.

Sec. 47. ADDITIONAL VEHICLES OR COVERAGES

Paragraphs A, B.1, and E are amended as follows:

- A. In the event additional coverages as described in Section 43 of this Plan are desired during the policy period, coverage for an additional or replacement vehicle is desired, or a change in driver is requested, a written policy change request shall be submitted directly to the servicing carrier no later than three working days after its receipt by the producer. ~~Policy change requests submitted by facsimile shall not become effective until the servicing carrier receives the additional premium required for changes resulting in additional premium.~~ Upon receipt of the policy change request, the servicing carrier shall endorse the in force Plan policy.
- B. Premium requirements for policy change requests include the following:
 1. The policy change request shall be accompanied by additional payment, if required, in the form of a check or money order payable to the assigned servicing carrier for an amount equal to 25% of the estimated annual gross premium attributed to the policy change, or the full pro rata premium for the remainder of the policy period, whichever is less. ~~Policy change requests not accompanied by the above deposit, or submitted with an inadequate deposit, shall not be processed by the servicing carrier and no coverage shall be in effect except as otherwise provided in the policy contract.~~
- E. For ~~If~~ a policy change request ~~not resulting in additional premium and~~ is transmitted to the servicing carrier via facsimile ("fax"), coverage shall be made effective at 12:01 A.M on the day following receipt by the servicing carrier.

Sec. 54. PERFORMANCE STANDARDS FOR SERVICING CARRIERS WRITING CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN COMMERCIAL RISKS

Paragraph A.2 is amended as follows:

A. Servicing Carrier Performance Standards

2. Renewal Policies, ~~or~~ Certificates, or Financial Responsibility Filings

For the purposes of Section 54, the postmark which is to be recognized by the Plan shall be the postmark of the United States Postal Service. A meter stamp shall not be considered a postmark of the United States Postal Service for the purpose of effecting coverage.

a. All Commercial Insureds (Unless Otherwise Stated in Section 54.A.2.b)

- (1) The servicing carrier may request current policy rating information from the insured by means of a renewal questionnaire which shall be mailed to the insured at least 75 days prior to the expiration date of the current Plan policy. If the insured fails to return the questionnaire, the servicing carrier shall issue a second request at least 60 days prior to the expiration date of the current policy. If the insured fails to respond prior to 45 days before expiration of the current policy, the servicing carrier shall be deemed to have fulfilled its responsibility to quote a renewal premium and shall so advise the producer.
- (2) At least 45 days but no earlier than 60 days prior to the inception date of renewals, the servicing carrier shall notify the insured that
 - (a) a renewal shall be issued provided the premium ~~set~~ stipulated by the servicing carrier is ~~received~~ postmarked at least one day prior to the inception date of such renewal as evidenced by the postmark of the United States Postal Service on the transmittal envelope. ~~If the insured requires a financial responsibility filing, the premium payment should be postmarked at least one day prior to the inception date;~~ or
 - (b) if the renewal is to be written on the installment premium payment option, such renewal shall be written provided the deposit premium (25% of the total annual premium) stipulated by the servicing carrier is postmarked at least one day prior to the inception of such renewal as evidenced by the postmark of the United States Postal Service on the transmittal envelope. ~~If the insured requires a financial responsibility filing, the deposit premium should be postmarked at least one day prior to the inception date;~~ or
 - (c) the Plan policy shall be nonrenewed because the risk is not entitled to insurance under the Plan.

~~For insureds not requiring a financial responsibility filing, renewal~~ Renewal premium payments postmarked one day prior to the inception date of the renewal shall be considered to be on time as evidenced by the postmark of the United States Postal Service on the transmittal envelope. ~~For insureds requiring financial responsibility filings, renewal premium payments postmarked one day prior to the inception date will be considered to be on time as evidenced by the postmark of the United States Postal Service on the transmittal envelope.~~

b. CAIP Insureds Requiring Filings with Government Agencies

- (1) The servicing carrier may request the current policy rating information from the insured by means of a renewal questionnaire which shall be mailed to the insured at least 95 days prior to the expiration date of the current Plan policy. If the insured fails to return the questionnaire, the servicing carrier shall issue a second request at least 80 days prior to the expiration date of the current policy. If the insured fails to respond prior to 65 days before expiration of the current policy, the servicing carrier shall be deemed to have fulfilled its responsibility to quote a renewal premium and shall so advise the Manager and producer.
- (2) At least 55 days, but no earlier than 85 days prior to the inception date of renewals, the servicing carrier shall notify the insured that
 - (a) a renewal shall be issued provided the premium ~~set~~stipulated by the servicing carrier is ~~received~~postmarked at least one day prior to the inception date of such renewal as evidenced by the postmark of the United States Postal Service on the transmittal envelope; or
 - (b) if the renewal is to be written on the installment premium payment option, such renewal will be written provided the deposit premium (25% of the total annual premium) stipulated by the servicing carrier is postmarked at least one day prior to the inception of such renewal as evidenced by the postmark of the United States Postal Service on the transmittal envelope; or
 - (c) the Plan policy shall be nonrenewed because the insured is not entitled to insurance under the Plan.

Renewal premium payments postmarked one day prior to the inception date of the renewal shall be considered to be on time as evidenced by the postmark of the United States Postal Service on the transmittal envelope.

Renewal premium quotations shall be made in accordance with present Plan rules. A copy of the notice shall be provided to the producer.

Payment to the producer does not constitute payment to the servicing carrier unless and until such payment is actually received by the servicing carrier.

The servicing carrier shall mail renewal policies and/or certificates within 30 days of receipt of the appropriate renewal premium deposit specified under Sections 54.A.2.a or b above.